

Message Text

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PAGE 01 QUITO 02325 081732Z

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ACTION ARA-10

INFO OCT-01 ISO-00 FS-01 ABF-01 A-01 /014 W

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P R 081706Z APR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 0639

INFO AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 2325

ARA/MGT/FM FOR KREIGER; WFC FOR ROBINSON

E.O. 11652: N/A

TAGS: AFIN, EC

SUBJECT: REQUEST FOR 4TH QUARTER S & E INCREASE TO MEET WAGE
INCREASES FOR FSLE AND CONTRACT EMPLOYEES

REF: (A) WATSON/KREIGER LETTER OF MARCH 19, 1974; (B) QUITO 2052
OF MARCH 27, 1974

1. REF: A SUGGESTED GOE WOULD SHORTLY DECREE WAGE INCREASES. REF. B
DESCRIBED IMPLEMENTATION OF THIS DECREE ALONG WITH OTHER GOE MEASURES

2. WE PLAN TO FOLLOW INTENT OF THIS DECREE AND IMPLEMENT INCREASE
EFFECTIVE MARCH 31, THE BEGINNING OF PAY PERIOD, RATHER THAN APRIL
1ST AS DECREED.

3. AS SPELLED OUT REF. B, UNDER NEW WAGE STRUCTURE EMPLOYEES
EARNING BETWEEN 1,000 AND 5,000 SUCRES PER MONTH WILL RECEIVE
INCREASE OF 250 SUCRES PER MONTH. THOSE EARNING BETWEEN 5,000
AND 5,250 PER MONTH WILL RECEIVE AN AMOUNT NECESSARY TO RAISE
WAGES TO 5,250 PER MONTH. (EXAMPLE: WORKER EARNING 5,100 SUCRES
BEFORE APRIL 1ST WILL RECEIVE INCREASE OF 150 SUCRES PER MONTH
TO RAISE HIS MONTHLY WAGE TO 5,250 PER MONTH.

4. ACCORDING GOE THIS 250 SUCRE INCREASE IS NOT REPEAT NOT SUBJECT
TO TAXES NOR TO SOCIAL SECURITY DEDUCTIONS, I.E. IT IS A SEPARATE
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PAGE 02 QUITO 02325 081732Z

BENEFIT AND NOT A PART OF SALARY PER SE. THIS IS SAME BENEFIT WE

WISH TO PROVIDE OUR FSLES AND CONTRACT PERSONNEL, I.E. 250 SUCRES PER MONTH IN ADDITION TO BASE SALARY WITHOUT REPEAT WITHOUT DEDUCTIONS. CAN DEPARTMENT BUILD THIS INTO WAGE SCALE? IF NOT, THEN WE WOULD SUGGEST A 300 SUCRE PER MONTH INCREASE FOR ALL AFFECTED EMPLOYEES. WE CANNOT BUILD A SLIDING SCALE TO GUARANTEE A CLEAR 250 SUCRES TO EACH EMPLOYEE, SINCE EACH EMPLOYEE'S ECUADOREAN TAX RATE VARIES ACCORDING TO FAMILY SIZE, TOTAL INCOME AND OTHER FACTORS WHICH ARE NOT STABLE NOR CONTROLLABLE BY US.

5. BASED ON THE 250 SUCRE INCREASE OUR ANALYSIS SHOWS FOURTH QUARTER REQUIREMENTS FOR FSLES QUITO AND GUAYAQUIL AS FOLLOWS: SHARED - \$698.00; PROGRAM - \$364.00; TOTAL - \$1,062.00.

6. QUITO AND GUAYAQUIL NON-PERSONAL SERVICES CONTRACT INCREASE FOR FOURTH QUARTER WILL TOTAL APPROXIMATELY \$1,538 IN SHARE ALLOTMENT. INCREASE/DECREASE STATEMENT TO FOLLOW.

7. REQUEST 4TH QUARTER TOTAL FUNDING OF \$2,600 TO MEET THESE WAGE INCREASES.

8. UNANTICIPATED RESIGNATION OF ECON/COMM FSLE EFFECTIVE APRIL 30, 1974 WILL RESULT IN APPROXIMATELY \$2,700 IN TERMINATION COSTS. POST REQUESTS \$2,700 FUNDING TO MEET THIS EXPENSE.

9. APPRECIATE PRIORITY RESPONSE SO WE MAY INFORM STAFF THAT INCREASE WILL BE IMPLEMENTED. BREWSTER

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